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U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W. Suite 222
Washington, D.C. 20554

RE: Notice of *Ex parte* Presentation in Non-Restricted Proceedings
In re Access Charge Reform (CC Dkt. 96-262); and
Truth-in-Billing and Billing Format (CC Dkt. No. 98-170).

Dear Ms. Salas:

The Office of Advocacy, U.S. Small Business Administration, by its undersigned representative and in accordance with Section 1.1206 of the Commission's rules, hereby respectfully submits an original and one copy of this oral and written *ex parte* notification for each of the aforementioned dockets.

Ms. Betty Jo Toccoli, Chairperson of the Small Business Alliance for Fair Utility Deregulation ("Alliance") and the undersigned met with William E. Kennard, Chairman of the Federal Communications Commission ("FCC" or "Commission"), and Tom Power, Legal Advisor to Chairman Kennard, on Tuesday, October 6, 1998, and discussed issues pertaining to access charge reform consistent with Advocacy's previous comments on the record. Ms. Toccoli and Ms. Trigg also complemented the FCC in its efforts to protect consumers through its Truth-in-Billing *Notice of Proposed Rulemaking* and discussed the need for there to be a provision that requires carriers to give advance notice to consumers for changes in rates and services so that small businesses can make an informed choice before such changes occur. An informed choice is truly effective if economic injury can be avoided.

Mr. Power was presented a copy of the Executive Summary from the *Small Business Speaks Out: The Economic Impact Of Deceptive Practices In The Telecommunications Industry, 1998 Small Business Telephone Poll* commissioned by the Alliance which illustrates the impact of such practices on small business consumers. It is important for the FCC to recognize that there are three distinct classes of consumers: (1) residential; (2) large business; and (3) small business.

Small businesses are harmed disproportionately by deceptive practices (such as slamming and cramming) compared to other classes of consumers for the following reasons. Given that small businesses have multiple telephone lines and thus, can be slammed or crammed on more lines, they will also suffer greater economic harm than residential consumers and more than big business because they have fixed costs and minimal, if any, profits to absorb those expenses. Small businesses have larger monthly invoices than residential consumers and thus, more time and effort is required to recognize, review, and resolve a billing discrepancy - time taken away from running the business. Furthermore, a small business is more likely to pay the discrepancy for fear of its service being disconnected. Such an unbudgeted increase in expenses can be a significant economic burden on small business.

Thank you for your assistance in this matter. Please call with any questions.

Very truly yours,

S. Jenell Trigg

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Attachment: *Small Business Speaks Out: The Economic Impact Of Deceptive Practices In The Telecommunications Industry*.

cc: Chairman William E. Kennard
Mr. Tom Power

Small Business Speaks Out:

The Economic Impact of Deceptive Practices in the Telecommunications Industry

Executive Summary

Small businesses in America say they have been victims of phone slamming, deceptive marketing practices, charged for services never provided, charged for services never ordered, are paying more for telephone service compared to last year, and are spending precious time to battle the bureaucracy to have unwanted charges and services removed from their bill.

Major Findings

46%	Of small businesses have had their long distance services switched without their permission
54%	Of small businesses have been billed for long distance calls they never made
21%	Of small businesses have been billed for telephone services they did not order
22%	Of small businesses indicate their long distances rates and charges have increased
26%	Of small businesses spent more than *5 hours* trying to resolve billing for long distance calls not made
33%	Of small businesses spent more than *5 hours* trying to resolve billing for services never ordered

Clearly, these initial data indicate that America's small businesses have been victim to numerous deceptive marketing practices. They continue to be charged for services never ordered and long distance calls never made. They have to spend valuable hours dealing with slamming issues and correcting billing errors. At least one-in-five small businesses have seen absolute increases in their long distance charges. Evidence suggests that some long distance fee structures (such as monthly fees in addition to costs per minute) may not even be perceived by many small businesses and, thus the actual percentage of companies experiencing increased long distance charges is higher.